

Renewing a Citizens policy? Computer intervenes starting this week

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Tuesday marked the dawn of a new era for more than 900,000 customers of state-run insurer Citizens. Their decision to renew their policy could be taken out of their hands by a computer, thanks to a law passed by state legislators to help shrink Citizens last year.

A clearinghouse used by agents is supposed to make current customers ineligible for Citizens if a private company is offering coverage priced the same or less. The system has been in action since January to help keep some would-be customers out of Citizens, but technical challenges have delayed its use with current Citizens customers who want to renew policies.

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The first policies affected are standard HO-3 homeowner policies with renewal dates on or after Nov. 1.

Customers can remain with Citizens if no private insurer in the clearinghouse is offering coverage priced the same or lower. Six private insurers are in the clearinghouse now for renewal business, with others expected to be added over time.

“Making the clearinghouse available for renewal customers is the latest step in Citizens’ effort to help our customers enjoy the benefits of private-market coverage and return Citizens to its role as the state’s insurer of last resort,” Citizens president Barry Gilway said in a statement. “Many customers will benefit from more-comprehensive coverage, lower pricing and vastly reduced assessment risk in the event of a major storm.”

A spokesman had no immediate information on the performance of the system Tuesday, noting it will begin to affect significant numbers of customers as the Nov. 1 renewal date approaches.

Private insurers participating in the renewal portion of the clearinghouse include Florida Peninsula Insurance Co., Federated National Insurance Co., First Community Insurance Co. (Bankers Insurance Group), Heritage Property and Casualty Insurance Co., Tower Hill Signature Insurance Co. and Southern Oak Insurance Co.

Another part of the clearinghouse has been working since late January. As of June, about 80,000 customers who wanted to enter Citizens but were not already customers have been run through the system. The rules are slightly different there: Prospective customers are ruled ineligible if a participating private insurer is offering a policy priced up to 15 percent higher.

About 3,300 had been ruled ineligible by June, with 1,800 of those confirmed as enrolling with private insurers. Palm Beach County has been an early state leader in customers kept out of Citizens. Among participating private insurers, Boca Raton-based Florida Peninsula led the way with 1,440 customers picked up.

As renewals come into play, the impact could be increasingly significant for the state's property insurance market. Citizens has shrunk from nearly 1.5 million customers a couple of years ago to about 900,000 now. But it remains the market leader statewide and in Palm Beach County, where it has about 90,000 policies.